B.C. Hydro's Collection of Residential Accounts

Public Report No. 10
February 1988

Ombudsman
Fairness for all in British Columbia

88-02613/

February, 1988.

B.C. HYDRO'S COLLECTION OF RESIDENTIAL ACCOUNTS

OVERVIEW

This report sets out the findings and recommendations of a study conducted in 1987 by the Ombudsman's office, together with the action proposed in response by B.C. Hydro & Power Authority (B.C. Hydro). It was agreed that the Ombudsman's office should conduct a systems study of B.C. Hydro's collection practices in order to identify the underlying causes both of recurring customer complaints and of collection staff frustrations. Some customers felt that they were being pressured unfairly to pay accounts which they were not legally obliged to pay; and B.C. Hydro felt that it had insufficient authority to collect from some users of its service, with the result of higher rates for all paying customers. Both feelings are justified.

The major insight of this report is that collection policies that are fair will also be more effective. Fairness requires that such policies are reasonable, authorized by law, consistently applied and publicly understood. Effectiveness involves collecting accounts in an economical way from those who benefit from the service provided. The recommendations and proposed action set out in this report address these issues in a constructive way.

A complicating factor in many default accounts is the poverty of the individual user of what is often an essential service. Solutions are presented in the report which balance the respective legitimate interests of B.C. Hydro, the Ministry of Social Services and Housing, and individuals on Income Assistance.

Throughout the course of this study the Ombudsman's office has been impressed by B.C. Hydro's commitment to improving customer services. This has included a recent reorganization to create a separate customer service department under a vice-president, enchanced sensitivity to the economic impact on low income customers, and a dedication to fair and open relations with the public.

This joint initiative demonstrates the value of combining the independent perspective on administrative fairness of the Ombudsman's office with the field experience of the public authority. The results are designed to achieve both individual fairness and corporate objectives.

Larry Bell
Chairman
B.C. Hydro & Power Authority

Stephen Owen
Ombudsman
Province of British Columbia

B.C. HYDRO'S COLLECTION OF RESIDENTIAL ACCOUNTS

RESEARCH REPORT
FEBRUARY 1988

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Preface

This report presents the results of an administrative review of B.C. Hydro's policies, procedures and practices regarding the collection of residential accounts.

The concept of a systematic review of the effectiveness and fairness of B.C. Hydro's collections operations was the subject of discussions between the Ombudsman and the President of B.C. Hydro during the fall of 1986.

In reviewing the pattern of complaints handled over recent years, the Ombudsman's Office concluded that a more systematic study of Hydro's collections policy and procedure would be useful. While individual complaint-handling achieved a resolution in most cases, it appeared to be ineffective in preventing the recurrence of many types of complaints.

In the months preceding the study, some Hydro staff had also expressed an interest in looking more systematically at certain aspects of the collection function. For example, some collection staff noted that there were insufficient written guidelines to facilitate consistent collection practices throughout the province; others voiced their concern with the public's attitude toward the corporation and felt frustrated by the lack of legal authority to do a proper job of collection in some types of circumstances.

As a result of these preliminary discussions, it was agreed that the Ombudsman's office would be invited to design and implement an administrative study of selected components of the collection system with a focus on residential accounts.

Executive Summary

INITIATIVE:

The study was initiated jointly by the Ombudsman and the President of B.C. Hydro. Having agreed on the value of an external perspective, the Ombudsman was invited to conduct a systematic review of the fairness of Hydro's collections operations.

SUBJECT:

This study focuses on the two major functions performed by B.C. Hydro collection personnel: determining responsibility for outstanding accounts; and taking collection action on those accounts.

NEED:

The need for such a study arose primarily from the observation that the same types of complaints have recurred in spite of the high resolution rate of individual cases. Furthermore, the volume of these recurrent complaints imposed a significant drain on Ombudsman resources which, we believed, could be largely reduced with improvements in Hydro's decision-making and review procedures.

OBJECTIVES:

The objectives of the study were to:

(i) describe selected features of Hydro's current collection practices;

(ii) examine the reasons that Hydro personnel use to support those practices;

(iii) evaluate the legality and fairness of those practices and reasons;

(iv) make proposals for the enhancement of a comprehensive, fair, and legally sound written policy and procedure; and

(v) propose ways of increasing the effectiveness of Hydro's collection system.

METHOD:

Data for the study was obtained from the following sources:

(i) a systematic review of Ombudsman collection complaint files for the 1985 and 1986 calendar years;

(ii) documents obtained from B.C. Hydro including all written policies and procedures pertaining to the collection of residential accounts;

(iii) interviews with key Hydro personnel at Head Office and selected interviews with District Office personnel;

(iv) questionnaire responses from 273 District Office staff engaged in collection work;

(v) interviews with, and questionnaire responses from, 31 Financial Assistance Workers with the Ministry of Social Services and Housing concerning their experiences with Hydro collection practices; and

(vi) the statute and case law relevant to the performance of collection functions.

FINDINGS AND CONCLUSIONS:

The main findings of the study were:

(i) the degree of variation in collection practices, particularly concerning the assessment of liability for accounts, is considerable;

(ii) it would appear that a significant proportion of collection staff could benefit from greater knowledge of relevant law and policy related to their work;

(iii) the current written policies and procedures concerning collections are not sufficiently complete to provide the guidance necessary to ensure fair and equal treatment of all Hydro customers;

(iv) collection success might be improved with certain enhancements to account management, procedures; and

(v) Hydro has the personnel resources to handle a higher proportion of complaints and disputes without the need for third party intervention, but it lacks the appropriate formal procedures.

RECOMMENDATIONS:

The Ombudsman's research concluded with the following recommendations:

(i) A comprehensive, consolidated, policy and procedure manual should be developed to ensure that collection practice is consistent and legally sound;

(ii) Where there is room for discretion, clearer guidelines should be developed to ensure that all customers are treated fairly;

(iii) Hydro should consider seeking a clarification and possible extension of its legal powers to enhance the effectiveness of its collection operation;

(iv) Hydro should improve its account management practices and its legal authority to facilitate collection from those who benefit from service;

(v) Following the completion of a comprehensive policy and procedure manual, a regular training program for all personnel engaged in collection work should be instituted;

(vi) Hydro should provide more visible and accessible procedures at Head Office and District Offices for the handling of complaints and disputes concerning responsibility for accounts; and

(vii) A clear statement of the terms and conditions under which service is provided, including all relevant sections of Hydro's Tariff and selected sections of the policy and procedure manual, should be available to all Hydro customers.

HYDRO'S ACTION PLAN

B.C. Hydro has accepted virtually all of the Ombudsman's recommendations and has developed a detailed Action Plan to provide for the implementation of the necessary changes over the next few months.

References to the Action Plan appear in bold type throughout this report in relation to each problem identified.

Following is a summary of the main points in Hydro's Action Plan:

In response to the recommendations Hydro will:

A. recommend the Tariffs be revised, in order to clarify the relationship between Hydro and premises owners or operators, recognizing that there is an on-going relationship between Hydro, as a supplier of energy to a premises, and the owner or operator, who ultimately is responsible for the care and control of the premises, as follows:

   1. as a condition of service to rental premises, an owner or operator who wishes Hydro to consider dealing directly with a tenant or tenants may be required to enter into an agreement with Hydro which provides for responsibilities of the owner or operator in relation to payment for service used in the premises; and

   2. notwithstanding any agreement to deal directly with the tenant or tenants as a customer of Hydro, for reasons such as when the rate of tenancy turnover or rate of uncollectible losses exceed tolerable levels, or when a tenant-customer fails to provide and maintain the service used in common by other tenants who have separate tenancy agreements with the owner, or when a tenant-customer refuses access to Hydro's meters, Hydro may, at its sole option at any time and from time to time, deal directly with the owner or operator as a customer of Hydro.

B. recommend the Tariffs be revised with respect to co-occupants as follows:

   1. Hydro may refuse to provide service to an applicant or customer who occupies the premises with another occupant who has an outstanding account incurred for service while occupying any premises at the same time as the applicant or customer.

C. recommend the Tariffs be revised, based on the principle that a creditor is entitled to know who it is dealing with, as follows: that Hydro, as a creditor and a supplier of a service, may at any time require an applicant or customer to provide reference information and identification.

D. revise and redevelop the collection policy and procedure manual and develop a formal employee training program:

1. to describe relevant laws;

2. to describe procedures to use in specific collection circumstances;

3. to support and provide specific guidelines for invoking or interpreting tariff terms and conditions;

4. for use as a training resource and a reference manual for staff.

E. implement immediate changes to collection procedure with respect to:

1. the use of archaic or legally unsound "rules of thumb" to determine liability for unpaid bills;

2. the transfer of bills between co-tenants where common responsibility does not exist;

3. the separation of the "liability investigation" process from the "collection process";

4. the discontinuation of the practise of threatening disconnection where disconnection is not authorized by the tariff.

F. create a Credit Services Review Committee which will:

1. review proposed changes affecting customers and make recommendations as appropriate;

2. advise on the development and implementation of new or changing customer service related procedures;

3. review classes of complaints and recommend needed changes which become apparent as a result of the review process;

4. advise on the redevelopment of a comprehensive collection policy manual and employee training program;

5. advise on the development of information brochures for new customers explaining service conditions and requirements;

6. assist in the development of a dispute resolution process.

G. develop a formal dispute resolution process that:

1. utilizes local and regional credit and collection specialists to resolve direct customer enquiries;

2. utilizes head office management staff to resolve enquiries made on behalf of customers by outside agencies.

H. improve communication with customers by:

1. developing policy brochures for all customers and an information package for new customers;

2. informing customers of the dispute resolution process;

3. consolidating billing and collection notices to the extent possible and making bills more informative.

I. in conjunction with the Ministry of Social Services and Housing, develop and implement a revised policy and procedure for treatment of customers on GAIN allowances.

J. review proposals for billing customers monthly.

K. review alternative account management practices.

PART I-INTRODUCTION

1. BACKGROUND

1.1. The importance of collections

While B.C. Hydro is only one of 17 electric and natural gas utility companies in British Columbia, it is the largest and the only one owned by the Province of B.C. (6 of the 17 are municipally owned electric utilities while the remainder are privately owned.)

At March 31, 1987 Hydro had 1,041,784 residential electric service accounts. According to Hydro statistics for the 12 month period ending March 31, 1987 (including residential and general service customers), 83% of the electric and gas bills issued were paid in the current month. About 17% fell behind in their payments 30 days or more. Collection action was required on 9% (148 million dollars) of the total of 1.5 billion dollars in electric and gas sales during this period.

About 300 Hydro employees, working out of Hydro's 55 District Offices, spend at least a portion of their working hours trying to collect those arrears. This amounts to approximately 55 full-time equivalent staff - about one staff for every 22,000 accounts. According to Hydro's statistics, the cost of the collection function appears to represent a small portion of the financial benefit derived.

Collection functions are performed primarily under the umbrella of the Customer Services Group. However, the responsibility for developing formal policies and procedures concerning collections rests primarily with the Credit Administration section of the Finance Division. Credit Administration also provides training programs for collection staff and plays some role in complaint resolution.

1.2. The Need for a review

From the Ombudsman's point of view, the need for a comprehensive review of Hydro's collection operations arose out of the following main observations:

(i) the number of complaints received against Hydro increased at an escalating rate over the four years between 1981 and 1985:

Year	# of complaints	% increase
1981	49	----
1982	135	275%
1983	159	18%
1984	212	33%
1985	365	64%
1986	321	-12%

In 1982, nearly 70% of the complaints related to collections matters while in 1985, approximately 87% related to collections. Judging from the number of collections complaints received during the first six months of 1987 - 147 - the volume seems to be leveling off or on a slight decline. However, this statistic may be somewhat misleading since many Hydro collection complaints also involve the Ministry of Social Services and Housing and are often handled as complaints against that authority instead. For example, in 1985, 84 of the more than 1000 complaints registered against the Ministry directly concerned Hydro collection problems and could just as accurately have been recorded as Hydro complaints. While comparable statistics have not been prepared for 1986 and the first half of 1987, Ombudsman staff report that the volume of Hydro matters handled as complaints against the Ministry does not seem to have decreased.

(ii) Some types of circumstances confronted in collection work are not covered by written policy and procedure with the result that local offices, and individual collectors themselves, appear to rely on expedient "rules of thumb" to justify certain collection actions. Accordingly, there appears to be considerable variation among collection personnel with respect to both their collection practices and their explanations for them.

(iii) While the individual collection complaints received by the Ombudsman are usually resolved on a case by case basis, the same types of problems continue to arise and the same issues need to be re-argued.

(iv) The variations in circumstances, collection practices employed, justifications invoked and resolutions achieved has been sufficiently complex that a clear pattern would be difficult to discern without a systematic analysis.

2. OBJECTIVES AND EXPECTATIONS

2.1. Objectives

In general terms, this study is guided by the following question: Are there ways that Hydro can simultaneously improve the efficiency, effectiveness and fairness of its residential collection operations?

More specifically, the objectives of the study are to:

(i) describe selected features of Hydro's current policies, procedures and practices for the billing and collection of residential accounts;

(ii) examine the reasons that Hydro personnel use to support those procedures and practices;

(iii) evaluate the legality and administrative fairness of those procedures, practices and reasons; and

(iv) recommend any necessary changes in policy, procedure and practice - including the enhancement of written guidelines and training programs for collection personnel.

2.2. Expected benefits

A number of benefits are expected to derive from the study:

(i) An enhanced, comprehensive, policy and procedure manual which will:

*serve as a resource for more relevant collection training programs;

*facilitate more effective monitoring of the quality and uniformity of collection action throughout Hydro's service area; and,

*provide collection personnel with a more coherent and comprehensible basis for explaining collection action to the public.

(ii) Greater public acceptance: The above benefits should be reflected in a greater acceptance of Hydro's collection activity by the public and by the various third parties who become involved on behalf of Hydro customers from time to time, leading to the more effective collection of accounts.

(iii) Reduced complaint volume: Any improvement in the actual and perceived fairness of Hydro's collection practices, and procedures for handling complaints and disputes internally, should reduce the need for intervention by outside parties such as the Ombudsman, Members of the Legislative Assembly, the B.C. Utilities Commission and others.

(iv) Increased enforcement of collection decisions: Changes in account management practices should increase Hydro's ability legally to enforce payment from parties assessed as liable.

3. SCOPE OF THE STUDY

The study does not cover all aspects of the billing and collection of residential accounts. We have focussed our attention on those features of the system which appear to generate the most difficulty for customers and collection personnel.

A significant portion of this report is devoted to the analysis of the circumstances in which Hydro attempts to collect from individuals who did not originally apply for service.

Other topics addressed in the study included:

- *circumstances for refusal of service;
- *timing and frequency of customer billing;
- *rules and discretion concerning terms of payment;
- *Hydro's handling of collections complaints and disputes;
- *the adequacy of written policy and procedure;
- *the views of collection personnel concerning the strengths and weaknesses of the current system; and
- *the attitudes of collection staff toward customers and collection work.

PART II-METHODOLOGY

4. STUDY DESIGN

4.1. Coordination of the study

4.1.1. Coordinating Team

To launch the study, a Coordinating Team was established consisting of two members of the Ombudsman's office and two Hydro managerial staff - one from Head Office and one from the Deer Lake District Office. While the design and management of the study would be the responsibility of the Ombudsman's office, the Coordinating Team would provide an opportunity for Hydro participation during the planning and data gathering phases of the study.

4.1.2. Field Phase Advisory Group

The report relies heavily on the results of an 82 item questionnaire completed by 273 Customer Services staff throughout the province. The Field Phase Advisory Group was formed primarily to assist with the design and implementation of this questionnaire. The group was composed of six Customer Services staff representing several levels in the organization, including three staff from two District Offices.

The task of the Field Phase Advisory Group was:

*to advise on the content and wording of the questionnaire;

*to ensure that the questionnaire portion of the study was implemented with a minimum of disruption to District Office staff;

*to assist in the interpretation of the findings of the study; and

*to consider the feasibility and implications of any resulting recommendations for change.

4.2. Overview of the Study Process

The study process consisted of the following main phases:

1. Inception of the study (This phase is outlined briefly in the Preface and Introduction sections)

2. Study design

The initial terms of reference and topic priorities for the study were established through the Coordinating Team. The details of the questionnaire design were developed in close consultation with the Field Phase Advisory Group

3. Data gathering

Data for the study was obtained from the following sources:

(i) a systematic review of Ombudsman collection complaint files for the 1985 and 1986 calendar years;

(ii) documents obtained from B.C. Hydro, including all written policies and procedures pertaining to the collection of residential accounts;

(iii) interviews with key Hydro personnel at Head Office and selected interviews with District Office personnel;

(iv) questionnaire responses from 273 District Office staff engaged in collection work;

(v) interviews with, and questionnaire responses from, 31 Financial Assistance Workers of the Ministry of Social Services and Housing concerning their experiences with Hydro collection practices; and,

(vi) the statute and case law relevant to the performance of collection functions.

4. Data analysis

To ensure the anonymity of questionnaire and interview responses, the analysis of all raw data was done exclusively by staff of the Ombudsman's office.

5. Public Research report

This report consists of a comprehensive presentation of the findings of the study accompanied by recommendations for change and Hydro's Action Plan. All research materials on which this report is based are the property of the Office of The Ombudsman and are confidential.

4.3. Collectors' Questionnnaire

4.3.1. Questionnaire design

The content and structure of the collector questionnaire was developed in close consultation with the Field Phase Advisory Group. The questionnaire was further refined through two successive pre-tests with a total of three selected collection staff from two District Offices.

*Rudimentary descriptive information about the respondents (including type of collection functions performed, years spent in collections work, etc.)which might help explain certain variations in response to other questionnaire items;

*23 items which present a brief description of the types of circumstances which may be confronted in the course of collection work - to measure variations in practice and level of knowledge of relevant law and policy;

*Several items seeking collectors' opinions about the strengths and weaknesses in the billing and collection systems; and,

*Items requesting the identification of training and information needs.

4.3.2. Distribution and return of questionnaires

Head office staff of Hydro's Customer Services Group facilitated the distribution, completion and collection of the questionnaires.

A Customer Services representative of the Field Phase advisory group spent several hours identifying and telephoning one "contact person" in each of Hydro's 55 District Offices, usually a person at the supervisory level. Contact persons were given advance notice that questionnaires with instructions for completing them would be arriving in the mail within a few days.

A few days later, questionnaires were sent to each contact person along with instructions for organizing collections staff to complete them. A covering letter requesting the assistance of staff with the study was signed by the Vice President of the Customer Services Group.

During the two to three days following the mailing of questionnaires and on the day they were to be completed, the two Ombudsman representatives on the Coordinating Team telephoned nearly all of the 55 contact persons to ensure that the instructions were intelligible and feasible.

Virtually all of the 273 questionnaires received were completed on the same day, April 23, 1987, as instructed. Respondents were asked to set aside about one hour to complete the questionnaire: 83.9% (229/273) completed it in one hour or less. The average (arithmetic mean) time to complete was 49.2 minutes.

Time to Complete Questionnaire:	#	%
Less than 30 minutes	17	6.2%
30 to 44 minutes	77	28.2%
45 to 60 minuts	135	49.5%
More than 60 minutes	44	16.1%
total	273	

All completed questionnaires were returned to the Ombudsman's office in sealed envelopes within five working days via Hydro's internal mailing system.

All of the coding and analysis of the original questionnaires was done exclusively by staff of the Ombudsman's office.

4.4. District office visits

4.4.1. Monitoring questionnaire completion

On the morning of April 23rd, 1987, two representatives of the Ombudsman's office visited the Deer Lake and Victoria District Offices to observe the distribution, completion and collection of the questionnaires. In each of these offices, the procedure specified in the instructions appeared to be followed closely; the anonymity of respondents was maintained and there was no discussion of questions and answers during the questionnaire completion period.

Four other District Offices were also visited within a few days following the completion of the questionnaires. All of the staff interviewed appeared to support the questionnaire study and expressed an interest in seeing the results. Some staff remarked that the collection circumstances presented in the questionnaire were familiar to them and that the questions themselves were worded in their language and, on the whole, made sense. Some staff would have preferred to answer some questions with more extensive comments instead of having to use the fixed choice categories provided.

4.4.2. Establishing personal contact

Although it was useful to obtain direct comments from selected District Office staff concerning their experience with the questionnaire, the other main purpose of the District Office visits was to meet the "front line" collection workers to discuss their concerns. Contacts between Hydro collection staff and members of the Ombudsman's office are usually by telephone and usually deal

exclusively with the resolution of individual crises. The establishment of personal contact between Ombudsman and Hydro staffs in this way was intended to help maintain a good working relationship.

4.5. Contacts with community professionals

4.5.1. Reason for community contacts

Understandably, many of those who become the subjects of collection action tend to be on low and fixed incomes. It appears that the majority of these individuals are receiving Income Assistance from the Province's Ministry of Social Services and Housing. When such individuals need help in their dealings with Hydro, their Financial Assistance Worker usually handles the matter directly without the involvement of the Ombudsman. However, when the Ombudsman does become involved, it is often necessary to deal both with a person's Financial Assistance Worker and the Hydro collector in order to facilitate the resolution of the complaint. Thus, it was considered important to sample the opinions of at least some Financial Assistant Workers concerning their experiences with Hydro collection practices. Because of time constraints, only three other community based advocacy groups were contacted for their views: 2 Unemployment Action Centres and 1 Legal Aid office.

4.5.2. Methods of contact

No attempt was made to obtain a systematic sample of Financial Assistance worker opinion. Only 7 of the 150 Social Services and Housing District Offices in the province were visited and only 31 of the 530 allocated regular Financial Assistance Workers were contacted.

Opinions and anecdotal information were obtained through group discussion using a checklist of topics and individually completed questionnaires.

PART III-RESEARCH FINDINGS

5. PRESENTATION AND INTERPRETATION OF RESEARCH FINDINGS

5.1. Focus on questionnaire results

While the data for this study have been obtained from a number of sources, the results of the questionnaires completed by Hydro collection staff provide the initial focus for most of the issues discussed in this report. The data from other sources, including quotations from personal interviews, documents and legal opinions, are threaded through the discussion of each topic as appropriate.

5.2. Interpretation of questionnaire results

5.2.1. Quality of questionnaire responses

The quality of responsiveness to the questions themselves appears to be good. Very few questionnaire items were missed. Respondents were quite liberal with their comments when space was provided which helped with the interpretation of fixed-choice responses. The open-ended questions - those requiring a written response - generated many valuable statements, some of which are included in the following sections.

5.2.2. Use of statistics

The statistics in this report are presented in the form of simple percentages followed in parentheses by the numbers on which the percentages are based. For example, as reported under point 4.3.2. above, "83.9% (229/273) of respondents completed the questionnaire in one hour or less." 229 is the number of respondents represented by the 83.9% percentage figure based on the total number of respondents in the group under consideration - which in this case is the total number of respondents.

All percentages are based on the number of respondents answering the particular question under discussion. Respondents who did not answer a particular question are not included in the calculations unless otherwise stated.

In interpreting the statistics presented from the Collector Questionnaire portion of the study it is important to note that the 273 respondents represent virtually all of Hydro's District Office staff engaged in collection activity who were at work on April 23,1987.

There were about 35 potential respondents who were not asked to complete the questionnaire because they were on leave at the time. Therefore, since we were not forced to rely on sampling a smaller portion of the study population, we are confident that the responses reported here are representative of the total collection staff.

Statistics reported from the study of Financial Assistance Workers may not be easily generalized: only 31 were asked to complete questionnaires and there are about 530 permanent Financial Assistance Worker positions in the province. However, in our experience, the responses received were indicative of the sentiments of Financial Assistance Workers in many areas of the province.

6. DESCRIPTION OF RESPONDENTS

All Hydro staff engaged in collection activity and available on the designated day, including work leaders and managers who make collection decisions, were asked to complete the questionnaire.

6.1. Area of service

To preserve anonymity, respondents were only asked to indicate the service region in which their office was located. The table below shows the distribution of respondents among the 16 regions. (6 respondents neglected to complete this item.)

Service Area of Respondents	Number	Percentage
1. Metro West (Head Office, Deer Lake)	74	27.7%
2. Metro East (Coquitlam)	8	3.0%
3. Fraser Valley West (Newton)	7	2.6%
4. Fraser Valley East (Abbotsford, Chilliwack, Hope, Squamish, Sechelt, Powell River)	30	11.2%
5. Central (Prince George, Vanderhoof, Mackenzie, McBride, Valemont)	20	7.3%
6. Skeena (Smithers, Hazelton, Terrace, Kitimat, Burns Lake)	11	4.1%
7. Coastal (Stewart, Atlin, Prince Rupert, Masset, Bella Coola Bella Bella)	11	4.1.%
8. Peace (Ft.St.John, Chetwynd, Dawson Creek, Ft. Nelson)	13	4.9%
9. Cariboo (Williams Lake, Quesnel, 100 Mile House)	11	4.1%
10. Thompson/Nicola (Kamloops, Lillooet, Clearwater, Cache Creek, Merritt)	13	4.9%
11. Shuswap (Salmon Arm, Revelstoke)	5	1.9%
12. Okanagan (Vernon, Westbank, Nakusp)	11	4.1%
13. Columbia/Kootenay (Cranbrook, Fernie Invermere, Golden)	10	3.7%
14. Victoria	10	3.7%
15. Vancouver Island Central (Nanaimo, Ganges, Duncan, Port Alberni, Qualicum)	23	8.6%
16. Vancouver Island North (Campbell River, Courtenay, Port Hardy)	10	3.7%
Total	267	

6.2. Collection functions and specialization

Job title is not always indicative of a person's collection activities, particularly in smaller District Offices where individuals tend to take on a broad range of responsibilities. Therefore, respondents were asked instead to indicate which of the six main collection functions they had performed. Since most respondents perform more than one function, the totals in the table below exceed the number of respondents.

"Which of the following collection functions have you performed?"

1. Handle customer billing inquiries and collection transactions	245	89.7%
2. Perform credit reviews on active accounts	200	73.3%
3. Perform credit reviews on closed accounts	171	62.6%
4. Field collections	134	49.1%
5. Provide work leadership for any of the above functions	121	44.3%
6. Supervision of any person performing the above functions	103	37.7%

To facilitate the analysis of other questionnaire items, the six collection functions have been grouped into two job categories: "supervisory", consisting of all respondents providing any degree of work leadership or supervision in collection matters; and, "non-supervisory", consisting of all other respondents.

Grouped Job Categories:	#	%
Non-supervisory	129	47.4%
Supervisory	143	52.6%
	272	

As the table above shows, a significant percentage of respondents, 52.6%(143/272) considered themselves to have had at least some responsibilities in guiding or overseeing the collection work of others in the office. The question was broad enough to include the overseeing of field collection work and temporary performance of supervisory functions to relieve absent management staff. Hydro has stated that only about 50 are formally designated as full-time supervisors.

The extent of respondents' specialization in collection work is indicated in the table above. 24.6% (67/272) of respondents spend virtually all of their time doing collection work. 55.1% (150/272) of respondents spend more than half of their time in collections while 16.9% (46/272) spend less than 20% of their time on such work.

Percentage of time spent doing collections work		
Less than 20%	46	16.9%
20%	37	13.6%
40%	39	14.3%
60%	30	11.0%
80%	53	19.5%
100%	67	24.6%
	273	

6.3. Collection experience

A sizable majority, 68.8% (188/273), reported that they had been doing collection work for 5 years or more. 22.3% (61/273) had spent between 1 and 5 years while only 8.8% (24/273) had been doing such work for 1 year or less. The average (arithmetic mean) number of years spent doing collections work was 8.26 years.

Years doing collections work	#	%
1 year or less	24	8.8%
1.5 to 4.5 years	61	22.3%
5 to 9 years	77	28.2%
10 to 19 years	94	34.4%
More than 20 years	17	6.2%

33.1% (90/272) of respondents have had previous collections experience with another employer.

Other collection experience?	#	%
No	182	66.9%
Yes	90	33.1%

The following table shows the range of experience reported. (Since 10.3% 28/273) respondents indicated more than one category, the total exceeds the number of respondents.)

"With which of the following have you had collection experience? (circle one or more)":		
1. Credit bureau/private coll. agency	27	9.9%
2. Private utility company	25	9.2%
3. Other public corporation	20	7.3%
4. Private retail/credit card Co.	19	7.0%
5. Bank/other financial institution	26	9.5%
6. other	13	4.8%
7. no previous collection experience	185	67.8%

7. VARIATIONS IN PRACTICE

7.1. Overview of "collection circumstances" questions

The questionnaire contained two sections of items designed specifically to measure collectors' responses to a range of circumstances that may be confronted in the course of their work. Each of the 23 circumstances presented was selected from the complaint files handled by the Ombudsman's office over the preceding two years. All of the questions presented circumstances where Hydro staff have attempted to collect from individuals who had not applied for service. District Office Supervisory staff in Hydro's Customer Services Group confirmed before and after the questionnaires were completed that the circumstances described contained recurrent features of actual collection problems confronted by most, but not necessarily all, collection staff. Along with the other questionnaire items, the collection circumstances questions were pre-tested in draft form with District Office collections staff for completeness and intelligibility.

All items were structured to provide a number of fixed choice alternatives. Question #6 through Question #15 allowed space for conditional respondent comment while Question #20 through Question #32 did not (with the exception of Question #28).

7.2. Analysis of "collection circumstances" questions

When asked for a list of training items and legal questions they would like addressed, several respondents commented that they would like to know the correct answers to the "collection circumstances" questions. In this section, "correct" answers are proposed based on an understanding of current law and Hydro policy. In many instances, alternative approaches requiring changes to the Tariff and Hydro policy have been addressed in Hydro's Action Plan attached to this report.

For the convenience of discussing the relevant law and policy, the collection circumstances items will be presented under three main subject areas:

1. Landlord-tenant;
2. Shared accommodation (non-spousal); and
3. Spousal

Two other questions were asked concerning circumstances in which a person might be held responsible for an account: one concerned the liability of a person who has made a payment on someone else's account; the other concerned the responsibility of a customer who vacates premises without terminating the Hydro account.

7.2.1. Landlord-Tenant circumstances

6 questions presented circumstances relating to landlord-tenant matters.

7.2.1.1. Question #7

Asked whether or not the landlord of a multi-occupant building could be held responsible if his separately metered tenant failed to pay his account, a substantial majority said "no".
Responses:
Definitely responsible..... 3.3% (9/271)
Not responsible.....85.2% (231/271)
Uncertain about responsibility.....1.8% (5/271)
Could be held responsible.....9.6% (26/271)

It should be clear that Hydro is authorized to collect only from its customer which, in this case, is the tenant.

> **Hydro concurs, except where the customer has vacated and did not close his account and someone other than the customer used the service. Refer to Section A of the Action Plan.**

7.2.1.2. Question #21

"The account is in the tenant's name. The tenant vacates leaving arrears. The landlord attempts to open an account in his/her own name. Can Hydro refuse to open an account in the landlord's name until he/she pays the former tenant's account?"
Responses:
Yes.....0.7% (2/273)
No.....98.5% (269/273)
Don't know.....0.7% (2/273)

It should be clear that Hydro is not authorized to refuse the landlord's application under these circumstances. (See qualification for question #7 above)

7.2.1.3. Question #20

Question #20 presents a more detailed set of circumstances pertaining to multi-residential service:

"Hydro has been unable to collect from transient tenants and has a high write-off rate in a particular multi-residential building. The tenant units are separately metered. Does Hydro have the authority to insist that the landlord assume permanent responsibility for individual suite's accounts upon vacancy?"

Responses:

Yes.....51.7% (140/271)
No.....37.3% (101/271)
Don't know.....11.1% (30/271)

The wide divergence in response is significant since the the necessary authority is clearly granted in section B32 of the Electric Tariff. It is also notable that 37.3% responded "no" instead of joining the 11.1% who knew that they 'didn't know'. This divergence appeared in virtually all areas of the province. The absence of specific guidelines relating to this Tariff item appears to be responsible for its low frequency of use.

Hydro intends a Tariff revision extending its option to deal only with landlords in all rental premises. Guidelines for consistent application will be documented. Refer to Action Plan Section A.

7.2.1.4. Question #11

Question 11 asked whether the owner or landlord was responsible for an outstanding account for an unsigned premises.

Responses:

Definitely responsible.....33.9% (92/271)
Not responsible.....8.9% (24/271)
Uncertain about responsibility.....3.3% (9/271)
Could be held responsible.....53.9% (146/271)

It is our understanding that there is currently no legal basis on which Hydro could hold a person responsible for an unsigned account simply because he or she is the landlord or owner.

It should be noted that the question did not specify whether the premises was occupied or vacant. Question 31 below presents more specific circumstances with respect to service to vacant premises.

7.2.1.5. Question #31

"A rental unit is vacant. The previous tenant terminated the account but Hydro did not disconnect. The service was continued without a specific request from the landlord to do so. Can Hydro hold the landlord responsible for payment of the bill?"

Responses:

Yes.....46.3% (126/272)
No.....49.3% (134/272)
don't know.....4.4% (12/272)

Presently there is nothing in the law, the Tariff or written Hydro policy that would support holding the landlord responsible under these circumstances. However, Hydro has had the practice of requesting payment of such accounts from the landlord on the basis that the landlord benefitted from the service. The "benefit from service" issue is discussed further under point 7.2.1.7 below.

7.2.1.6. Question #32

"Tenants occupy a suite and believe they had an agreement with their landlord not to accept responsibility for Hydro service until a later date. No one applies for service. the tenants vacate in less than two months after which Hydro issues an occupant bill. The landlord insists that the tenants were responsible. Who should be held responsible for the account?"

Responses:

Landlord.....35.3% (94/266)
Tenants.....28.2% (75/266)
Both..... 5.3% (14/266)
Don't know.....11.3% (30/266)
Not up to Hydro to determine ..19.9% (53/266)

This question brought the greatest variation in response. Given the relatively complex structure of the question and the range of fixed choice responses offered, it is perhaps understandable that respondents may have had difficulty agreeing on an answer.

Some collection personnel proposed that the tenants were responsible in this circumstance even though they did not open an account because they occupied the unit and benefited from the use of the service. Even if Hydro could hold the beneficiary of service responsible for an unsigned account, the question of whether the landlord or the tenant was the beneficiary would depend upon the resolution of the landlord-tenant dispute through an Arbitrator appointed under the the Residential Tenancy Act. In the absence of any clear supportive Tariff, it appears that Hydro's legal remedy would be to take court action against both parties.

In one respect, the circumstances presented in #32 resemble those in questions #11 and #31: it is implicit that Hydro continued service to the premises without a specific request to do so or has permitted a customer to back-date closure of his/her account, thereby creating a period where responsbility for consumption has not been assumed. Notwithstanding that the premises were occupied, the same argument could be raised that, if Hydro allows service to a residence without an applicant for service, and unless the circumstances support the application of the law of restitution, the corporation must accept responsibility for the account. If Hydro does not want lapses in responsibility between tenancies, it has several options including: obtaining standing agreements with landlords for the continuation of service; terminating service with the closing of each vacating tenant's account; not permitting customers to back-date closure of accounts; or, revising the Tariff to clarify liability in unsigned premises.

Hydro's Action Plan - Section A1 - includes Tariff revisions to clarify the ongoing relationship between Hydro and premises owners who are ultimately responsible for the care and control of premises not occupied under a legal tenancy agreement.

7.2.1.7. Question #8

Respondents were asked whether an occupant who benefited from service to a premises could be held responsible for the account even if that person did not apply for service.
Responses:
Definitely responsible.....27.7% (75/271)
Not responsible.....11.1% (30/271)
Uncertain about responsibility.....4.4% (12/271)
Could be held responsible.....56.8% (154/271)

Most thought that the occupant was either "definitely responsible" or "could be held responsible". The most commonly noted condition under which an occupant could be held responsible was the availability of evidence confirming occupancy such as a tenancy agreement or a statement from the landlord.

The position that occupants may be held responsible for service in circumstances where an application was not made appears in materials prepared at Head Office for the training of collection staff. The materials suggest that there is an implied and enforceable contract between the authority and a person who accepts and benefits from service. However, the mere fact of "acceptance" and "benefit" are not sufficient conditions in themselves to establish either a contract or grounds for recovery under the law of restitution.

In discussions with Hydro staff, the practice of assigning account liability to "occupants who benefit from service" is often defended on the basis of the definition of "customer" in the Tariff (A-2 of the

Electric Tariff) which appears to suggest that any person served with electricity may be considered a "customer". The first paragraph begins to define "customer" as:

> "Any person, partnership, company or governmental agency served with electricity by the authority at any one premises."

In fact, the Tariff item appears to have a distinctively different purpose: to permit Hydro to treat one person as if he/she were more than one customer where service is received through more than one meter. This interpretation is well supported by the two sentences immediately following the above quotation:

> "If any such customer receives service from the authority at more than one premises, or for more than one separately operated business, such customer shall be considered as a separate customer at each of the premises and for each such business.
>
> The authority reserves the right to determine whether any building contains one or more premises or whether or not any business is separately operated for the purpose of this definition."

This interpretation of "customer" is confirmed by B-25 of the Tariff which provides for the restoration of "customer" to its "ordinary meaning...not...restricted by its definition in Section A of the Tariff...." to facilitate the termination of service with respect to any or all accounts held by a customer in the event of a failure to pay any or all accounts.

The only other statement in the Tariff approaching a definition of "customer" appears in B-2:

> "An applicant for residential service shall become a customer of the Authority upon provision of electric service by the Authority...."

We were unable to identify any reference in the Tariff which would allow Hydro to consider a person other than an applicant to be its "customer". Currently, any attempt to collect arrears from individuals who have not applied for service must be based on the establishment of legal liability through the application of statute law or the principles of common law.

Refer to point Section A of Hydro's Action Plan.

7.2.1.8. Question #9

A majority of respondents believed that "the person named in the tenancy agreement for the premises served" was "definitely responsible" for the account. Only 4 % thought the person was "not responsible".

Responses:
Definitely responsible.....63.4% (173/272)
Not responsible.....4.0% (11/272)
Uncertain about responsibility.....4.8% (13/272)
Could be held responsible.....27.6% (75/272)

The fact that a person may have a contract with a landlord does not establish a contract with Hydro. Furthermore, Hydro is in no better position to collect if the tenancy agreement is in writing.

There are two features of tenancy agreements that may lead some collectors to the belief that the legal tenant in a residence is responsible for the Hydro account.

1. The tenancy agreement itself may be taken as simple proof of "occupancy" and the fact that the occupant benefited from service. The irrelevance of occupancy in itself as determinative of liability for an account is discussed elsewhere in this section.

2. It appears that many collection staff believe that the clause in a tenancy agreement identifying the party responsible for the Hydro account is determinative of responsibility to Hydro for payment of the account. There is no legal basis for this conclusion. At the most, such a clause merely clarifies what services will be included in the rent as part of the landlord's responsibility and what services the tenant is responsible for providing on his or her own. If a landlord or tenant fails to apply for service as promised, it is a breach of the tenancy agreement which may be enforced by either party pursuant to the Residential Tenancy Act. Thus, unless one of the parties has actually applied for service, or unless there are grounds for a restitution action in court, Hydro is not presently authorized to take collection action against either of them for services received at the residence.

Section A of Hydro's Action Plan addresses this issue.

7.2.2. Shared accommodation

Five questionnaire items presented circumstances related to shared, non-spousal accommodation.

7.2.2.1. Question #13

Can responsibility be assigned to "a co-tenant who remains at premises when the person named on the account vacates leaving arrears"?

Most respondents thought that the remaining co-tenant was "definitely responsible" or "could be held responsible".

Responses:
Definitely responsible.....50.4% (137/272)
Not responsible.....11.0% (30/272)
Uncertain about responsibility....2.2% (6/272)
Could be held responsible.....36.4% (99/272)

Under most circumstances, it appears that Hydro is not authorized by law to pursue a co-tenant for arrears accumulated under another person's account.

In our view, the co-tenant in this circumstance could be held responsible if the outgoing tenant had established an agency relationship with the remaining tenant.

Alternatively, if the outgoing tenant had, with the co-tenant's knowledge, terminated his or her contract by notifying Hydro of the date of departure, Hydro may have grounds to seek restitution from the co-tenant for any subsequent arrears if the co-tenant neglects to apply for service.

7.2.2.2. Question #28

"Two or more people live together and the account is under one tenant's name. That tenant moves out leaving an outstanding bill. One of the remaining tenants attempts to place the account in his/her own name. Can Hydro refuse to open the new account and take collection action against the remaining occupants to obtain payment of the outstanding account?"

This question is essentially the same as question #13 above but here, significantly fewer respondents are certain that the remaining tenants are responsible for the account. 27.1% (72/266) thought the remaining tenants could not be held responsible.

Responses:
Yes.....68.0% (181/266)
No.....27.1% (72/266)
Don't know.....4.9% (13/266)

For the same reasons noted in the above analysis, Hydro is not authorized to take collection action against the remaining occupants. While it is recognized that this type of circumstance presents difficulties for collection personnel, what appears to be the current

practice of the majority of collectors may not be supported by existing law unless an agency relationship exists or sufficient grounds have been established to seek restitution.

Hydro's Action Plan - Section E - includes instructions to staff to discontinue collection action against the remaining tenant in these cirumstances.

7.2.2.3. Question #29

"Two individuals who shared accommodation in one premises leave arrears in one roommate's name and move together to a new residence. The new account is put under the other roommate's name. Can Hydro take collection action on the new account as though it were in the name of the indebted roommate?"
Responses:
Yes.....81.3% (221/272)
No.....14.3% (39/272)
Don't know.....4.4% (12/272)

While such collection action may conflict with the doctrine of privity of contract, it is conceivable that, under these specific circumstances, Hydro may be able to proceed on the basis of a presumed agency relationship. It does not seem unreasonable for Hydro to develop a collection policy which a court would likely consider fair and equitable.

This problem is addressed in Hydro's Action Plan - Section B - in the form of a Tariff change based on presumed agency.

7.2.2.4. Question #30

"Two or more people move in together as roommates. The Hydro account is in one person's name. The other roommate has arrears from a previous residence not shared with the current roommate. Can Hydro transfer the outstanding account to the current account for collection action?"
Responses:
Yes.....23.5% (64/272)
No.....71.7% (195/272)
Don't know.....4.8% (13/272)

The majority of respondents agree that Hydro cannot transfer the account.

Hydro's Action Plan - Section E - confirms that the practice of transferring to the current account under these cirumstances is not permitted.

7.2.2.5. Question #12

This question presents circumstances similar to those described in question #30 above. Respondents were asked whether or not "A signed customer who takes in a boarder or co-tenant with arrears from a previous residence" could be held responsible for those arrears.
Responses:
Definitely responsible.....4.4% (12/270)
Not responsible.....68.1% (184/270)
Uncertain about responsibility.....6.3% (17/270)
Could be held responsible.....21.1% (57/270)

The comments made by the 57 respondents who thought the customer could be held responsible included the following:

*"If the co-tenant is listed on the rental contract as jointly responsible"
*"As long as the co-tenant resides there"
*"Unless the signed customer can show that the boarder was temporary and has left"
*"Only a co-tenant - Not responsible for a boarder"
*"If a boarder was previously known to the signed customer we would try to get arrears. Co-tenant definitely responsible"

There is no basis in law for holding the signed customer responsible under the circumstances presented in the question. This is clarified in Hydro's Action Plan - Section E - .

7.2.3. Spousal circumstances

Eight questions concerned the assignment of responsibility of an account under various spousal circumstances.

7.2.3.1. Question #10

Can "The head of the household in the premises served" be held responsible for the Hydro account even if it is not in that person's name?

Reference to "the head of the household", in itself, appears to be an archaic notion that has no force in law. It derives from the same tradition as the still current law that holds a husband responsible for the debts of his wife. It is possible that respondents simply assumed that "head of household" was the husband.

Responses:
Definitely responsible.....47.5% (126/265)
Not responsible.....10.2% (27/265)
Uncertain about responsibility...10.2% (27/265)

Could be held responsible.....32.1% (85/265)

7.2.3.2. Question #22

"A man and woman move in together from separate residences. The common-law husband has arrears owing from a former account. The present account is contracted in the common-law wife's name. Hydro discovers the husband's prior arrears and that he is now living with a new woman. Can the husband's previous arrears be transferred to the common-law wife's account for collection action?"

Responses:
Yes.....34.4% (94/273)
No.....62.3% (170/273)
Don't know.....3.3% (9/273)

This circumstance is identical to that presented in Question #30. There is no basis in law for the transfer of a co-tenant's previous arrears to the current account, whether or not the co-tenants are friends or have just commenced a common-law relationship.

Hydro's Action Plan - Section E - confirms that the practice of transferring such arrears to the current account under these circumstances is not permitted.

7.2.3.3. Question #23

"A man with arrears from his previous residence moves in with a woman (a common-law relationship) who has already established her own account. The account remains in the woman's name. Can Hydro transfer the man's arrears to the common-law wife's account for collection action?"

This question is essentially the same as Question #22. However, comparing the responses to the two questions, it appears that nearly 14% of respondents think an account can be transferred if a couple begin a co-habiting relationship in a new residence but not if "he" moves in with "her". However, as the table below shows, there are still 20.6% (56/272) who believe that an existing woman customer can be held responsible for the debts of her new co-habiter.

Responses:
Yes.....20.6% (56/272)
No.....75.7% (206/272)
Don't know.....3.7% (10/272)

Hydro's Action Plan - Section E - confirms that the practice of transferring arrears under such circumstances is not permitted.

7.2.3.4. Question #24

"A couple move from one residence to another. The previous account in one partner's name was left in arrears. The new account is opened in the other partner's name. Can Hydro transfer the arrears from the closed account to the spouse's new account for collection?"

Responses:
Yes.....93.8% (256/273)
No.....5.1% (14/273)
Don't know.....1.1% (3/273)

This question has the same structure as Question #29 except that, here, the co-tenants are described as a couple.

A review of the relevant family law suggests that the answer is "yes" if it is a transfer of a debt from the wife's previous account to the husband's new account, but not if the circumstances are reversed.

This issue is discussed above under point 7.2.2.4

See Section B of Hydro's Action Plan.

7.2.3.5. Question #15

Question #15 also asks, without distinguishing between men and women, whether "the spouse of a person whose name is on the account" can be held responsible. Again, on the basis of current family law, our answer is that a husband may be held responsible for the debts of his wife but not vice versa.

Responses:
Definitely responsible.....27.4% (74/270)
Not responsible.....8.9% (24/270)
Uncertain about responsibility.....5.2% (14/270)
Could be held responsible.....58.5% (158/270)

The generality of the question may have made it difficult for some respondents to decide on an answer.

7.2.3.6. Questions #25, #26 and #27

These three questions all focus on the responsibility for arrears upon separation.

Question #25 asks pointedly whether a wife can be held responsible for the account of her estranged husband:

"A husband and wife separate. The account was in the husband's name and is in arrears. The wife remains in the home and attempts to change the Hydro account into her name. Can the wife be held responsible for her husband's account?"

Responses:

Yes.....34.2% (93/272)
No.....61.0% (166/272)
Don't know.....4.8% (13/272)

In question #26, the roles were reversed:

"A husband and wife separate. The account was in the wife's name and is in arrears. The husband remains in the home and attempts to change the Hydro account into his name. Can the husband be held responsible for his wife's account?"

Responses:

Yes.....85.5% (230/269)
No.....9.3% (25/269)
Don't know.....5.2% (14/269)

Question #27 presents a slight variation on the above circumstances with the addition of a specific set of response categories:

"A husband and wife separate and both move to new residences. Arrears from the former residence are under the husband's name. Who can be held responsible for the outstanding account?"

Stated in this way, 24.2% (66/272) thought that the wife could be held responsible while 72.8% (198/272) thought that the husband alone was responsible. The higher percentage response for wife responsibility in question #25 (34.2%) appears to have been due to the reference to the wife remaining in the matrimonial home. Legally, this is an irrelevant factor in determining responsibility for an account.

The questions on spousal liability were of considerable concern to many respondents who often seemed to be misled or confused by factors considered legally irrelevant in determining responsibility. Many respondents were also unclear about the common-law doctrine of agency of necessity which does indeed appear to give Hydro the right to pursue a husband for his wife's Hydro account. In fact, Hydro has an existing written policy to this effect which also states that a wife cannot be held responsible for her husband's debts. However, since the doctrine holds that only the husband is liable, it is doubtful that it could be invoked successfully in a court of law in the face the Equality provisions of the Canadian Charter of Rights and Freedoms.

Hydro's Action Plan includes a revision of its policy of holding the husband responsible for the bill of his wife in cases where the husband and wife separate. See Sections B and E2.

7.2.4. Other circumstances

7.2.4.1. Question #6

Question #6 asked whether "a person who has made a payment on someone else's outstanding account" can be held responsible.
Responses:
Definitely responsible.....2.6% (7/272)
Not responsible.....66.2% (180/272)
Uncertain about responsibility.....0.4% (1/272)
Could be held responsible.....30.9% (84/272)

There is no legal basis for holding a person responsible for someone else's residential account simply because they made a payment on it.

7.2.4.2. Question #14

Question #14 asks whether "a person who vacates premises and allows service to continue without notifying Hydro" can be held responsible for that service. Assuming that the account for the premises was in that person's name, it is clear that the person could be held responsible. It is interesting therefore, that only 61.0% (166/272) of respondents thought that the person was "definitely responsible".
Responses:
Definitely responsible.....61.0% (166/272)
Not responsible.....4.0% (11/272)
Uncertain about responsibility.....3.3% (9/272)
Could be held responsible.....31.6% (86/272)

The following pertinent quotation comes from Credit Administration Training materials:

> "What if a customer doesn't contact us to final his account? - We can look to [the] customer for payment as we have a valid contract that has not been rescinded. However, consider [the] circumstances and be willing to compromise."

> **Hydro's Action Plan further develops the intent of the above training material by a proposed Tariff amendment. As an alternative to pursuing the person named on the account, Hydro will also be able to look to the owner for payment of interim consumption, or, if the owner can show the existence of a tenancy agreement, to the remaining or new occupants. See Section A.**

7.3. Explanation of variations in practice

7.3.1. Range of variation in responses to collection circumstances

All 23 questions in this section required respondents to assign responsibility for an account and, theoretically, there should be one correct response for each collection circumstance. That is, the circumstances presented do not normally call for the exercise of discretion.

The variation in responses may be due in part to a number of factors: the wording of some questions may have been ambiguous; respondents may have inferred additional circumstances or conditions which were not specifically stated in the question; some respondents may not have had personal experience with some of the circumstances described and may have guessed at the correct answer.

Nevertheless, the weight of evidence supports the conclusion that the collection circumstances presented in the questionnaire are not handled uniformly by all collection staff. As is evident in the foregoing analysis of individual items, each of the critical topics under study was covered by more than one question. Furthermore, respondents' written comments confirmed that collectors employ divergent "policies" and practices, in lieu of, and sometimes in spite of, specific corporate guidelines.

7.3.2. Rules of thumb invoked in practice

The need to assess liability for an account arises when Hydro attempts to collect from individuals who did not initially apply for service. An array of conventional justifications have evolved in the corporation to support such collection activity, some of which we have identified as having no apparent basis in law. Following is a summary of the "rules of thumb" invoked by Hydro collections personnel to support some of the specific collection practices described in the foregoing analysis of collection circumstances questions. These observations are consistent with the findings of a systematic review of Hydro complaint files handled by Ombudsman staff over the past two years.

Each item in the following list is accompanied by a summary comment on its legal status: that is, whether it is legally prohibited or otherwise unsupported by law.

Individuals who have been held responsible for a Hydro account include:

1. The occupant of a residence who benefited from Hydro service.
   COMMENT: There is no basis in law for this blanket rule. It appears to be a distortion of the law of restitution.

2. The person named in the tenancy agreement for the premises served.
   COMMENT: Only if the landlord disclosed an agency relationship to Hydro. Otherwise, there is no basis in law for this rule. The existence of a tenancy agreement is not determinative of liability for Hydro service to the premise.

3. The head of the household.
   COMMENT: Under the common law, a husband may be held responsible for his wife's debts - agency of necessity. However, the notion that "the head of the household" might be responsible is not a concept recognized by law.

4. The owner or landlord of the premises.
   COMMENT: Only if the tenant has disclosed an agency relationship. Section B-32 of the Tariff provides the only condition under which a landlord or owner may be held responsible.

5. The person who has made a payment on the account.
   COMMENT: There is no basis in law for this practice unless conditions permit the application of the law of restitution. This is evidence that a person may have accepted some responsibility for the account but it is not conclusive.

The implementation of proposed Tariff changes should eliminate any perceived need on the part of collectors to invoke such rules of thumb to achieve their collection objectives.

7.3.3. Using rules, bypassing rules and "bluffing"

The following responses and quotations reflect to some extent the difficult position faced by collection staff who are under pressure to collect on overdue accounts without sufficient legal powers, guidelines or training to ensure that customers are always treated fairly.

In answer to question #59: "Have you ever taken any collection action or position that you knew was contrary to official Hydro policy?", 24.5% (67/273) said "yes" while 66.3% (181/273) indicated "no". (9.2% (25/273) stated "don't know.")

The significance of the problem is further revealed in respondents' answers to question #17:

"Have you ever threatened disconnection where you were uncertain of a person's responsibility?". 50% (134/268) said "yes" and the same number said "no". (5 respondents did not answer the question.)

Many respondents added written comments which confirm that "bluffing" is an accepted and widespread collection practice. The following examples are drawn from various points in the questionnaire:

> *(Q#15 - concerning the responsibility of the spouse of the person named on the account) "If account is in husband's name and he skips we will try and get money from wife up to a certain point. We will change account to wife's name as soon as separation becomes known to us. Legally she is not liable...."

> *(Q#22 - Can a common-law husband's arrears from a previous residence be transferred to the account of his new common-law wife for collection action?) "No, but we can set up a pending transfer and threaten disconnect unless paid."; and from another respondent - "No, but we would bluff and try to transfer over."; and another - "We would not transfer but would threaten disconnection at same household."

> *(Q#25 - Can a wife who remains in the matrimonial home be held responsible for her estranged husband's outstanding account?) "No, but we would try to collect through her without disconnection."

> *(Q#30 - Can Hydro transfer a roommate's outstanding account from a previous residence to the current account of a new roommate?) "No. We would probably try it though."

> *(Q#34 - Does Hydro have sufficient legal power to collect accounts efficiently?) "Yes but these legal powers are ill defined. I have seen the word 'bluff' used in connection with many collections transactions - this should not be necessary."

Other statements included the following:

> "Sometimes it can be effective to bluff a customer who you suspect is taking advantage of situation or may be responsible for debt."

> "Bluffing certain customers has good results although we can't follow up."

> "Every case is different and you have to make decisions sometimes deviating from written policies."

Bluffing, by definition, requires knowledge that the threatened course of action may be contrary to policy or is being used where liability is uncertain or where liability cannot be proven. Thus, the scale of the problem is considerably magnified when we take into account that these same practices are employed by many more collection personnel who appear to be unaware that their actions are not authorized by law or are inconsistent with Hydro policy.

Although Hydro is exempted by Statute, section 14(1)(f) of the Debt Collection Act R.S.B.C. 1979 Ch 88 states, in essence, that no person shall exert undue, excessive or unreasonable pressure on a debtor and further, a person shall not attempt to collect a debt from someone who is not liable for it. While the above examples of "bluffing" may well represent effective ways of collecting debts, such business practices violate the intent of the Debt Collection Act and are clearly unacceptable for a publicly owned monopoly.

7.3.4. Distinguishing between liability assessments and collection action

Individual collectors may have the sense that they are operating within a coherent body of law, policy and procedure in dealing with each particular collection circumstance that arises. However, the picture of collection practices that emerges from the foregoing analysis suggests that collectors' reference to formal rules is often mere expediency: that is, "use whatever works to collect an account". At one level, this is a partial explanation of how collection practices can vary. However, the analysis also shows that some types of variations in practice have their source in a confusion between two fundamentally different categories of administrative action: *assessing liability for an account* on the one hand and *collection action* on the other. In brief, some collectors have been using collection action as a vehicle for assessing liability as shown in the previous examples. Instead of investigating the facts on which a liability assessment might be made, some collection staff appear to use the 'shotgun' approach to see who responds with money and an acceptance of responsibility for an account.

In our view, this constitutes an unacceptable use of the authority's monopoly position to gain unfair advantage over individuals who may be unfamiliar with their legal rights.

Hydro's Action Plan addresses the need to clarify the distinction between the processes of *assessing liability* and *collection action*. See Hydro's Action Plan point E3.

7.3.5. Fair procedures for assessing liability

The solution to the problem lies in clearly differentiating the distinctive features, including the requirements of procedural fairness, associated with each of these two types of action. The assessment of liability should be recognized as an administrative decision that is not in itself enforceable. A binding decision on liability can only be made by the courts. It is wrong, therefore, for collectors to use the monopoly position of the corporation to threaten the enforcement of liability assessments when such assessments are not the result of a fair administrative process.

The process of assessing liability calls for the reasoned application of legal principles to substantiated fact (determined on the basis of a balance of probabilities). It is not appropriate to subject the assessment of liability to wide ranging collector discretion.

The minimal requirements of a system for properly assessing liability for an account are:

1. Clear policy and procedural guidelines (i.e. correct answers to liability questions) consistent with the law;

2. A decision maker with a clear understanding of those guidelines and the applicable law;

3. Fair procedures for arriving at liability decisions, including: the establishment of clearly articulated standards of investigation and proof; the proper assignment of onus; the giving of sufficient notice to allow representations to be made; and the giving of adequate and appropriate reasons when a decision is issued; and

4. A reasonable opportunity for individuals to dispute liability decisions where they believe the decision to be wrong or determined by unfair procedures. The primary consideration here is that disputants be informed about the opportunity to appeal and how to proceed.

Hydro already has some of these features in place.

Hydro's Action Plan - E4 -provides for collection staff to be specifically directed to refrain from seeking payment on accounts from individuals where: 1. liability has not been clearly established; or 2. it is known that Hydro does not have the legal authority to proceed fully with collection action including disconnection or refusal to connect.

Hydro's Action Plan also includes enhanced policies and procedures for rendering and reviewing decisions concerning liability for accounts which attend to the requirements of procedural fairness. See all points under Sections D and E.

7.3.6. Discretion and flexibility in collection action

In contrast to the assessment of liability, the process of collecting arrears from, and considering various forms of collection action against, individuals who may be in financial difficulty does appear to call for the exercise of a degree of discretion. However, opinions differ on the degree of discretion which should be allowed and whether more or less leniency should be shown to various customer categories (Q#41):

"Are there any types of customers or circumstances where Hydro should show less leniency?"

Responses:

Yes.....53.7% (144/268)
No.....33.2% (89/268)
Don't know.....13.1% (35/268)

The policy of allowing collectors broad discretionary powers to tailor collection strategies to meet the specific needs of each customer may have its benefits. However, this type of decision making is probably quite vulnerable to individual biases and collection philosophies.

While our analysis of the collection circumstances items focused on the extent of variation in approaches among collection staff, a study of respondents' comments throughout the questionnaires revealed that some individual collectors may not always be consistent with themselves.

Several of the Financial Assistance Workers commented on the variation in collection practices as follows:

> "[there is] inconsistency from person to person and office to office";
>
> "sometimes Hydro staff say one thing and then something else happens and the client then gets stuck with a disconnect."; and
>
> "Hydro disconnection is not consistently applied"

Respondents' comments throughout the questionnaires displayed a wide range of biases and attitudes toward customers in arrears. Some appeared to be sympathetic and understanding of the difficulty experienced by individuals in financial need and reported a degree of discomfort in having to take collection action, for example: "when a customer is out of work, not able to collect social assistance and the family can't borrow from anyone". Such collectors thought that poorer customers should be given more consideration including having the opportunity to go on the Equal Payment Plan even though they were in arrears. On the other hand, other respondents seemed to emphasize the need to clamp down on "bad customers" and expressed

considerable frustration in the belief that many people were able to defraud the corporation by using aliases in applying for service to avoid payment of previous outstanding accounts.

The main "fairness" issues confronted by the Ombudsman's office and, apparently, by Financial Assistance Workers whose clients are in arrears concern the degree of flexibility a collector is willing to extend in considering alternatives to disconnection; and the disparity among collectors with respect to the criteria employed in deciding how far to go before proceeding with disconnection.

The following statements by Financial Assistance Workers describe their experience of "inflexibility" on the part of some Hydro collection staff:

> "Sometimes dealing with Hydro is like you're dealing with a blank wall."
>
> "arrears must be paid right now."
>
> "It takes a long time to catch up to the customer who owes arrears and then once they do, Hydro will insist on immediate payment with a minimum of negotiation."

Among some Financial Assistance Workers there is a perception that:

> "over the last year or so Hydro has tightened up and is not so flexible when it comes to negotiating repayments or writing off local accounts."

In our view, it is reasonable for Hydro to allow its collection staff to exercise some discretion in shaping the demand for payment to the circumstances of the individual customer - such discretionary practices probably result in the collection of more accounts and have the potential for injecting a human quality into a field of work which is sometimes regarded as difficult and unpleasant. However, the degree of variation in approaches to the exercise of discretion in collection action now appears to have reached a level where a move toward greater uniformity might be appropriate. We have reached a point where the degree of variation itself is perceived to be unfair by significant numbers of observers, both outside and within Hydro. The study has not included a detailed examination of the particular guidelines that might be considered. However, recognizing that the problem is perhaps as much a matter of personal skill and attitude as it is a need for a longer list of rules:

> **Hydro's Action Plan - Section F - includes the establishment of a Credit Services Review Committee which will monitor the ongoing performance of the Credit and Collection components of the Customer Service system.**

It is our impression that the overwhelming majority of individuals who encounter difficulties with Hydro's collection operation are poor and it appears that most of them are receiving.Income Assistance from the provincial Ministry of Social Services and Housing. Notwithstanding any improvements in policies, procedures and practices that might increase the effectiveness of collection action, success ultimately depends upon the customer's ability to pay.

Hydro staff and Financial Assistance Workers, as well as Ombudsman staff, have observed that many Income Assistance recipients do not appear to have sufficient funds to meet all of their needs for food, shelter and clothing and at the same time pay their Hydro bill. This problem is particularly prevalent outside the coastal areas where cold winters combined with poorly insulated housing units can result in very high Hydro bills. Two Financial Assistance Workers offered the following comments:

> "It seems that most often low income housing has electric heat and poor insulation. In winter months the bills are sky high."

> "B.C. Housing was designed and built for low income people. It seems funny that it was built with very poor insulation and all electrically heated. In this area you can see the seagulls sitting on the [low income housing] roofs in the winter time."

Since such an apparently high proportion of collection problems arise with respect to customers receiving Income Assistance, Financial Assistance Workers with the Ministry of Social Services and Housing play a major role in the collection system. Financial Assistance Workers are in frequent contact with Hydro collection staff and in many parts of the province the working relationship is reported to be smooth. A substantial majority 75.6%(195/258) of Hydro respondents said that the involvement of Income Assistance/Social Workers with a customer makes collection action easier. The benefit to Hydro in such cases is that Income Assistance recipients often are eligible for special crisis grants from the Ministry to avoid disconnection of electric or gas services.

Some Financial Assistance Workers thought the relationship with Hydro would be better if Hydro had a particular contact person to handle Ministry cases instead of having to deal with all collection staff. There was also interest expressed in having more staff contact between the two agencies:

> "Mutual workshops involving Hydro and S.S. and H. staff would be beneficial."

> "It would be nice to have someone from Hydro do some training with us on their procedures and practices."

One recurrent problem between Hydro and the Ministry concerns the negotiation of payment arrangements. Hydro's procedure for handling the collection of arrears from Income Assistance recipients was formulated several years ago and is considered inadequate to meet current needs.

While we do not have an estimate of the actual administrative costs of a failure to reach an agreement, our own direct observations of the problem amongst Financial Assistance Workers and Ombudsman staff suggest that there is considerable professional time wasted in attempting to negotiate payment arrangements on a case by case crisis basis.

With the Ombudsman's office acting as facilitator, discussions between Hydro and the Ministry of Social Services and Housing have resumed, with the objective of developing more effective procedures and formulae for establishing payment arrangements.

In September, 1987 the Ombudsman submitted a draft proposal to both the Ministry of Social Services and Housing and B.C. Hydro containing the following elements:

1. **Where a Hydro customer indicates inability to unwillingness to pay and states that (s)he is a GAIN recipient, Hydro should suspend any intended disconnection for a limited period to enable the client to approach the Ministry if the client so wishes.**

2. **If a client approaches the Ministry for help with Hydro arrears, B.C. Hydro will retain its right to collect against its customer, but should not expect the Ministry to assume customer responsibility for any debt incurred during a period in which the client was not receiving GAIN.**

3. **If the client requests crisis assistance from the Ministry, the Ministry may issue a grant towards any arrears accrued during receipt of GAIN.**

4. **If the Ministry considers a client incapable of financial management, it may take administrative responsibility for the client's financial affairs, including direct payment of the current Hydro account.**

5. **During the term of any payment arrangement made on the basis of the above elements, B.C. Hydro should not disconnect for non-payment of arrears accumulated prior to the client receiving GAIN.**

According to B.C. Hydro, a revised protocol with the Ministry should be implemented by April 1, 1988. (Action Plan - I -)

8. OBSERVATIONS ON FAIRNESS

8.1. Collectors' perception of fairness

The Ombudsman's perception of fairness is based on a statutory responsibility to consider the effect of administrative action on the individual and and is shaped by daily contact with individuals who believe they have been treated unfairly by various public authorities.

Respondents were asked (Q#57): "From your point of view, are there any elements of unfairness in the way you are required to collect outstanding accounts?"
Responses:
Yes.....23.6% (63/267)
No.....68.5% (183/267)
Don't know.....7.9% (21/267)

Many of the comments acknowledge in one way or another that they use the monopoly position of the corporation in various ways to secure the payment of outstanding accounts.

Among respondents' comments on the matter were the following:

*"...[I have told] a customer [his account] would be referred to the credit bureau sooner than was scheduled to confirm quicker collection"

*"policy is not consistently applied"

*"When phoning a customer, if no contact is made by phone, the customer has longer to pay than the poor person who answers his phone"

*"Very difficult customers may actually be given more concessions than a 'normal' customer."

*"some get 30 day and some 60 day disconnect warnings. All customers should be treated the same"

*"sometimes we are expected to collect from a non-responsible party"

*"threatening disconnection on a transferred amount which may not be legal"

*"people on fixed incomes are required to pay by the due date. This does not always coincide with pension cheques or social services cheques"

*"a person paying by NSF cheque gets the benefit of power longer than a person who simply admits they can't pay"

Some respondents feel implicated in a larger system of privilege which they consider subverts their fair dealings with the average customer and several complained explicitly about the unfairness of managerial and head office staff overturning decisions in favour of the "squeaky wheels":

> One respondent finds it difficult "disconnecting a low income customer when upper management and other government agencies allow the big businessmen to get away with what the average Joe can't."
>
> "We stick it to the people who least deserve it, i.e. welfare, etc. and the big wheeler dealer pounds on a few management desks and gets whatever he wants."
>
> "We do bend to pressure - if applied at the upper levels of Hydro management. The squeaky wheel gets the grease."
>
> [We are unfair] "Only when customers contact MLAs, news media, etc. and give biased opinions."
>
> "Commercial customers with political clout often get more consideration than residential customers."

One respondent indicated a particular dislike of taking collection actions:

> "...I know are not right but under the work leader's orders I have to do."

Another expressed the sentiments of many respondents in stating:

> "We are all in agreement here that we treat the customers fairly, but we also don't like being taken in by customers who don't want to pay their legitimate debts."

8.2. Financial Assistance Workers' perception

In answer to a similar question, 21 of the 31 Financial Assistance Workers said they thought there was some element of unfairness in the way Hydro collects outstanding accounts. Following are some of the concerns expressed:

> *"They transfer [arrears] from one spouse to the next to whomever they feel they can get payment from"

*"I don't think its fair to collect accounts that have accumulated over years and expect clients to pay it all at once. It seems especially unfair when the client has been up to date on current Hydro bills."

*"they appear to be less accommodating to Income Assistance clients. Sometimes they are rude and sharp."

*"[they use] intimidation and scare tactics"

*"separated spouses having lights turned off for non-payment by ex-spouse"

Several Financial Assistance Workers made comments about Hydro's differential treatment of Income Assistance recipients. For example:

*"seems to be an attitude that once a person is on I.A., Hydro won't negotiate. S.S. & H. will pay or the person gets cut off."

*"Hydro will not negotiate with I.A. clients. Told to talk to your worker and get a crisis grant. Our hand is being forced by Hydro"

*"Hydro should give I.A. clients the power to negotiate"

Several elements in Hydro's Action Plan will likely improve the working relationship between Hydro Collection staff and Financial Assistance workers.

9. PERCEIVED DEFICIENCIES IN THE SYSTEM

The questionnaire included a number of items which invited respondents to comment on selected aspects of the collection system which sometimes make collection work more difficult than it might otherwise be. The responses are straightforward and require little interpretive comment.

9.1. Adequacy of legal powers to collect

9.1.1. Sufficient legal power?

Collection staff were asked: "Do you think Hydro has sufficient legal power to do a thorough and efficient job of collecting outstanding accounts?" (Q#33)
Responses:
Yes.....41.1% (111/273)
No.....37.8% (102/273)
Don't know.....21.1% (57/273)

Those answering "no" were asked to list any additional powers they thought would be desirable from a collections point of view. 93 respondents offered comments, most of which fell into the following main categories.

1. 7.5% (7/93) felt a need for greater access to information through B.C. Tel, the Ministry of Social Services and Housing, Drivers' Licences and Social Insurance Numbers to assist with the tracing of customers with outstanding closed accounts.

2. 37.6% (35/93) wanted more power to disconnect or transfer a person's previous arrears to the new accounts of their roommates, spouses, etc. and wanted the right to require applicants to produce identification to prevent the use of aliases.

3. 23.7% (22/93) thought the power to require security deposits for selected residential accounts with bad payment histories would resolve many collection problems.

4. 14.0% (13/93) simply wanted more information on the corporation's rights to pursue legal remedies in court.

5. 6.5% (6/93) thought that unpaid bills should be applied to the owner's property taxes.

9.1.2. Too many legal restrictions?

"Are there too many legal restrictions on Hydro to allow for more successful collection of outstanding accounts? (Q#35)
Responses:
Yes.....39.8% (107/269)
No.....27.9% (75/269)
Don't know.....32.3% (87/269)

A significant number of respondents expressed frustration with what they believed to be "legal restrictions" on their ability to collect outstanding accounts. Their concerns included the following: too many restrictions on when service can be disconnected; too many warnings; lack of investigative powers - inability to obtain client information from the Ministry of Social Services and Housing; prohibited from obtaining sufficient identification from applicants to prevent the use of aliases and the names of roommates; unable to use Social Insurance Numbers to do credit and location searches; should be able to hold all users of power responsible for the account; and we don't have the power to designate a customer other than the one applying for service.

Several respondents commented on the need to take more direct action to prevent applicants from misrepresenting themselves by not using their usual name, presumably to avoid payment of outstanding balances from previous accounts.

Hydro's Action Plan - Section C - includes a proposed tariff revision authorizing Hydro to obtain appropriate personal identification to reduce the risk of providing service in advance of payment.

9.2. The billing system

9.2.1. The content and format of customer bills

Two questions were asked concerning collectors' perception of the billing and notification system. "Have you experienced difficulty collecting outstanding accounts specifically because of the content and format of the customer's bill?" (Q#43)
Responses:
Yes.....28.7% (78/272)
No.....64.3% (175/272)
Don't know.....7.0% (19/272)

Those answering "yes" were asked to list any changes that might make collections easier. Suggestions included the following: "The due date to avoid a further late payment charge on an overdue bill still confuses the customer because we may have already given a 24 hour warning

with an earlier date."; the "please pay by" date is often misunderstood; disconnect notices have no "pay by" date; "explanation of late payment charge is bad"; "account numbers mean little to customers, addresses should be given for transferred amounts"; "when adjustments are made, it is difficult to follow the explanation; the origin of amounts due should be shown - a breakdown of arrears and what they are for; estimated bills need more explanation; and "the collection and billing systems should be amalgamated".

9.2.2. Other deficiencies in the billing and notification system

Collectors were also asked: "Do you sometimes find yourself wasting time handling customer inquiries generated by deficiencies in Hydro's billing and notification system?" (Q#50)

Responses:

Yes.....33.7% (91/270)
No.....58.1% (157/270)
Don't know.....8.1% (22/270)

Respondents answering "yes" were asked to list some of the system problems and resolutions that would make collections work easier. Their comments included the following:

*"If billing showed statement of account for previous six months, it would be easier to explain bills to customers"

*"Notice of disconnection not received by customer in mail until the due date or later"

*"Notices being sent out when they shouldn't be - either human error or system generated. Harsh wording to important notices - re-write the notices as a more friendly reminder"

*"Bill format is terrible. Most people read them incorrectly - understandably so. Most collection letters could be reworded to be more clear and some to be less insulting"

*"Highlight the account number of the bill. It takes forever for some customers to find the account number even when you say over the phone where it is."

*"Sometimes they are difficult to understand and follow due to procedures used by billing department. Instead of codes, maybe put short descriptions explaining to customers on the bill itself."

The Financial Assistance Workers who were interviewed in the study also expressed similar concerns. They reported that their clients

often found bills confusing and incomplete, particularly where the bill lumps together the arrears with the current amount payable.

The above comments are representative of many more that reflect serious difficulties in coordinating certain billing and collection actions. While this study has not examined the issue in sufficient detail to make a specific suggestion for change, the above responses have been passed on to the Billing Department for consideration.

9.3. Payment arrangements

9.3.1. Deferred payment arrangements

"Does the opportunity to offer deferred payment arrangements on outstanding bills help or hinder collection success in the long run?" (Q#45)
Responses:
Helps.....72.3% (188/260)
Hinders.....14.2% (37/260)
Has no effect.....13.5% (35/260)

9.3.2. Eligibility for the Equal Payment Plan

"Would it enhance the collection of some accounts if the eligibility criteria for the Equal Payment Plan were changed? (Q#48)
Responses:
Yes.....28.9% (79/273)
No.....50.2% (137/273)
Don't know.....20.9% (57/273)

Those answering "yes" were divided as to whether the eligibility criteria should be extended or restricted even more. 40 of the 77 who offered an opinion on EPP changes thought that eligibility should be restricted to long term residents and good paying customers while 17 of the 77 believed that the EPP would be particularly beneficial for customers who have had difficulty meeting their payment obligations.

Financial Assistance Workers on the whole were in favour of extending the EPP option to Income Assistance clients.

9.3.3. Frequency of billing

"Do you think billing customers every month rather than bi-monthly would improve collections efficiency?" (Q#67)
Responses:
Yes.....78.8% (215/273)
No.....13.2% (36/273)
Don't know.....8.1% (22/273)

The overwhelming majority of respondents support the idea of monthly billing. Some who answered "no" were concerned that the cost might be prohibitive if it meant having to read meters on a monthly basis.

The Financial Assistance Workers who were asked this question were even more in favour of monthly billing. Apparently, they have a more difficult time assisting their clients to manage their finances when bills are only issued every two months.

The benefits of monthly billing seemed obvious to most respondents. Customers on low and fixed incomes, like most others, usually receive their payments on a bi-weekly or monthly basis and would probably find it easier to pay monthly bills. It is understandable how individuals on subsistence incomes would have difficulty budgeting for an unknown quantity of Hydro service two months in advance.

At the time of writing, Hydro is still considering the feasibility of monthly billing as part of its Action Plan - see Section J - .

9.4. Other observations on system deficiencies

The answers to the questions presented in this section display some of the sources of frustration experienced by Hydro staff in attempting to achieve their collection objectives. We understand that some of the billing and collection issues raised in the above responses have already been reviewed by Hydro management. The results of this study suggest strongly that the implementation of any proposed changes may not result in the desired improvements to collections efficiency and fairness unless the changes reflect an understanding of the actual conditions experienced by collection staff and take in to account their perception of how "the system" both facilitates and inhibits successful collection action. In brief, the existing systems and procedures do not seem to be working always to the best advantage of Hydro and its customers. Our questionnaire has only scratched the surface and yet it appears to have raised a number of possibly useful points concerning system deficiencies.

10. RELATIONSHIP TO THE PUBLIC

10.1. Perception of the public's attitude toward Hydro

Respondents were asked how they would describe Hydro's public image in their communities. As the table below shows, barely half of the respondents thought that Hydro's public image was "good" or "adequate" - 43.2% believed that the image was "poor" or "could be better".

Responses:
Good.....24.2% (66/273)
Adequate.....23.8% (65/273)
Indifferent.....8.8% (24/273)
It could be better..34.4% (94/273)
Poor.....8.8% (24/273)

A majority, 67% (183/273) thought that a customer's attitude toward Hydro affected the ability to collect outstanding accounts.

10.2. The adequacy of information for customers

27.7% (75/271) of Hydro respondents thought that it would make their jobs easier if they had more information sheets on selected topics to give customers - 59% (160/271) did not think more information sheets were needed while 13.3% (36/271) 'didn't know'. Among the topics suggested were:

*responsibility for closing account when moving;

*something to help with high bill complaints;

*a pamphlet on the terms and conditions of service for new customers;

*information about Hydro's billing procedure;

The most frequently mentioned topic for a customer information sheet concerned energy consumption.

Among respondents comments were the following:

"When residential customers can phone in for service, they do not sign a written agreement so therefore have absolutely no idea what the conditions of service are."

"Customers should realize that B.C. Hydro is a business just like Overwaitea. Some expect service as if it were a given automatic that they deserve unlimited credits."

"People often don't know they are required to apply for Hydro especially that they must close their account when they leave. Often if we have changes in our billing system, we don't notify customer ahead of time, we wait for them to call us."

Other comments from Hydro collection staff included: "Customers are often unaware of their own responsibilities."; "customers have comprehension problems - information sheets should be in layman's terms"; "topics should be chosen by employees who work face to face with customers."; "there should be staff training to use the information sheets available."; and from a respondent who thought it would serve no purpose: "Already too many sheets, most not helpful" and "They don't read them anyhow.".

Financial Assistance Workers were also asked whether they thought there was a need for more information sheets for Hydro customers. 12 of 30 respondents thought there was a definite need and suggested the following:

*"The E.P.P. seems a mystery to most clients. They need more information."

*"Could possibly advise clients about disconnection policies."

*"Why don't they send out information bulletins on power usage to customers for solutions and recommendations."

When asked specifically (Q#64) whether the public was adequately informed about the terms and conditions under which Hydro services are provided, 44.3%(120/271) of Hydro respondents said "no".

Responses:
Yes.....43.5% (118/271)
No.....44.3% (120/271)
Don't know.....12.2% (33/271)

Respondents offered more suggestions and comments here including the following:

*"Customers think Hydro is a right."

*"Customers should know that bills are due and payable on receipt and not 30 days after."

The Tariff contains the terms and conditions by which Hydro is required to provide service and by which customers are entitled to receive service. It is supposed to have the legal effect of a contract between the authority and its customers.

The Tariff is available for inspection by customers at all Hydro District Offices. However, it is doubtful that many customers have ever consulted the Tariff, and for those who have consulted it, it is doubtful that they would have found it easy to read. It contains only fragments of the information that might be useful to a customer in making sense of his or her relationship to the authority. Most of the rules, policies and procedures (those that are documented) that affect customers directly are contained in various manuals which are not readily accessible to the public.

The needs and entitlements of customers to know the nature of their service contract with Hydro are not being met by the current structure or content of the Tariff.

> **Hydro's Action Plan - H1 - includes preparation of an information brochure for new customers outlining the terms and conditions, in everyday language, under which residential service is provided.**

10.3. The handling of customer complaints

One of the objectives of the Ombudsman's Office is to encourage authorities to improve their capacity to resolve customer complaints internally. The success of an agency's efforts to develop respectable complaint handling procedures may be measured by the extent to which complainants find it necessary to seek help from outside bodies.

With respect to B.C. Hydro, the Ombudsman's Office has noted for some time that the corporation is probably capable of resolving significantly more customer complaints within its system than it is now doing.

In response to the question: "Normally, are you able to investigate thoroughly customers' complaints?", 78.8% (202/270) of Hydro respondents said yes. When the 31 Financial Assistance Workers were asked if they thought Hydro investigated customer complaints thoroughly, 8 said "yes", 11 said "no", and 12 had no opinion.

One Financial Assistance Worker described Hydro's approach to the investigation of complaints this way:

> "They tend to jump to conclusions first and investigate when [a] third party gets involved."

Another Financial Assistance Worker reported that:

> "Clients often feel they've had the brush off."

Individuals who bring their collections complaints to the Ombudsman's office usually feel that they have nowhere else to turn - they have come away from an encounter with the Hydro collector with the idea that 'the door has been closed' to any possibility of further negotiation or rational argument. Some complainants have not been beyond the front line collection clerk, having been told that: 'it is no use complaining'; or, 'there is no one else to complain to'.

In some instances, collection staff may shy away from referring complaints to higher levels in the organization because of inadequate support. Respondents were asked:

> "Do you get sufficient support from your immediate superior in the handling of difficult collection problems or complaints?". While the 86.4% (235/272) "yes" responses may be read as generally encouraging, the 13.6% (37/272) "no" answers are, nevertheless, significant.

As one respondent stated:

> "Often we don't refer them to anyone. We are encouraged to handle complaints ourselves, not have very many supervisory calls, often our competency is judged based on how many supervisory referrals we have. Sometimes we will have meetings and discuss how we and the customer feel about certain billing/policy changes. Unfortunately these occur very sporadically - maybe three or four times a year."

While many of Hydro's 55 District Offices already may have local complaint handling procedures that are fair and effective, it appears that all may not.

At Hydro's Head Office, collection complaints are handled in different ways depending upon the source and point of entry. Complaints made to the B.C. Utilities Commission are apparently directed to Credit Administration while complaints made through the Chairman's office are directed to senior staff of the Customer Services Group. Ombudsman staff take complaints directly to any level or division that seems appropriate but monthly summaries of Ombudsman complaints are only distributed through the Customer Services Group.

As a consequence, there is no one person or body with the ability to grasp an overview of system problems as they may be reflected in patterns of customer complaints.

10.4 . Relationship between Hydro and the Ombudsman

41.1% (111/270) of questionnaire respondents said they had been contacted by the Ombudsman's office about a collections matter. 107 of those who had been contacted indicated their impression about the way the Ombudsman's representative handled the matter as follows:
Responses:
Positive.....59.8% (64/107)
Negative.....7.5% (8/107)
Neutral.....32.7% (35/107)

From our perspective, the working relationship between our office and Hydro staff engaged in collection work has been excellent on a case by case basis. However, for reasons explained elsewhere in this report, a few Hydro staff appear to see our involvement as an obstacle to the efficient collection of accounts. For example, one respondent suggested that a solution to some collection problems would be to "reduce the power of the Ombudsman so that they don't protect fraudulent customers." Another stated that the "customer who complains to the Chairman or the Ombudsman gets preferential treatment".

From the Ombudsman's point of view, the need to investigate collection complaints might be reduced if complaints could be referred to a more effective complaint handling procedure within Hydro.

Hydro's Action Plan - Section G - includes a detailed proposal for the improvement of appeal and complaint handling procedures within the corporation. Also see F3, F6 and H2.

11. TRAINING AND INFORMATION NEEDS

11.1. The availability of training

Respondents were asked:

> "Who provided your training in Hydro collections work?" (circle as many as necessary)

Responses:
1. Credit Administration.....27.8% (76/273)
2. Local work leader/manager/supervisor....60.8% (166/273)
3. Mostly self-taught.....35.2% (96/273)
4. By a co-worker.....57.1% (156/273)

(Since each respondent could indicate more than one category, the total exceeds the number of respondents.)

For the purposes of analysis, this same information was grouped into four categories:

> 1. Self-co-worker -- if the respondent was "mostly self-taught" or trained "by a co-worker" but not by any one else.
>
> 2. Supervisor/work leader -- if the respondent received training from District Office management.
>
> 3. Credit Administration -- if training was received from Credit Administration but not from the local supervisor.
>
> 4. Credit Administration and the local supervisor -- if the respondent received training from both.

Responses:
Self-co-worker.....26.8% (73/273)
Supervisor/work leader.....45.2% (123/273)
Credit Administration.....12.1% (33/273)
Credit Administration and the local supervisor.....15.8% (43/273)

Prior to 1984, Credit Administration had prepared training materials and was providing training sessions for selected collection staff. However, the provision of formal regional training for collection staff has been seriously affected since the restraint on corporate spending was imposed in 1984.

In answer to the question: "Do you feel you have received adequate training for doing your job?", 70.3% (189/273) said "yes" while 29.7% (80/273) said "no". However, when asked whether they thought

further training would be useful, the percentages were reversed with 74.9% (203/271) stating "yes" and 15.1% (41/271) stating "no". 10% (27/271) indicated that they "don't know" whether further training would be useful.

Several respondents commented on the need for further training:

*"training has been very limited - simply not sufficient and always in an environment with continual interruptions"

*"training and information sessions increase our self-confidence which allows more objective and relaxed decision making."

*"Upgrading should always be there for this type of work. There are always better ways to do any job and talking, discussing and working out such problems gets you back on the track with the mainstream, the customers."

*"Regular refresher sessions to ensure we're not acquiring stale/bad collection habits."

*"I have had sufficient training but I really feel new people in my department are not really prepared to answer calls in the allotted training time. This is where a great many problems occur."

11.2. Needs identified by collectors

Virtually all of the 203 respondents who thought that further training would be useful suggested topics they would like covered. Topics and other comments included the following:

*"I was taught credit by another worker but she did not want to mention anything like occasions asked in this questionnaire"

*"Specific instances listed on this questionnaire. Going over a list of specific situations and finding out exactly what Hydro's policy is would be helpful."

*"Terminal operation and legalities concerning all aspects of customer/spousal relationships and responsibilities. I may be misinformed on some situations."

*"I would be interested in knowing more of our rights of collection as far as the legal end of it goes."

*"Legal aspects of shared tenancies (marital or otherwise) legal responsibilities of minors and mentally handicapped"

*"Family Relations Act, common law, explanation of Tariffs"

*"Bankruptcies and receiverships - legalities...."

*"Under what conditions disconnections may be postponed."

Several respondents indicated a need for special sessions on customer relations:

*"General tactics in handling repeat offenders and consistently rude customers."

*"Continuing seminars on dealing with people plus ones on reducing stress on the job."

*"Courses on crabby complaining customers."

*"More courses on handling irate customers."

While the majority of respondents thought that Hydro's policies, procedures and guidelines for offering extensions of time to pay were sufficiently clear, - 71.7% (193/269) (Q#46), the fact that 14.1% (38/269) said they were not clear and an equal number 'don't know', is reason enough to review the need for training sessions on the topics of granting extensions and making payment arrangements.

Respondents were also asked what three questions they would ask if they could get an expert legal opinion. Most of the answers were quite general and simply referred to an area of law that they wished to know more about. The topic mentioned most was spousal law. Several also wanted clarification of the law governing landlord-tenant relations and the issuing of occupant bills. The legal liability of roommates was also a concern.

Hydro's Action Plan - Sections D and F4 - includes provisions for monitoring training needs for collection staff as a whole and supporting District Offices in the training function. This includes the resumption of technical training for collection staff.

11.3. The adequacy of existing guidelines

"Are the written policies and procedure guiding collection action sufficiently clear and comprehensive?"

While 60.1% (163/271) said "yes", 18.8% (51/271) said "no" and another 21% (57/271) said they "don't know".

Respondents offered the following opinions about the matter: (Below, CCI's, PPI's and EOI's are references to internal Hydro policy and procedure manuals.)

*"Whenever anything new is added, we are given a pamphlet to read. No discussion follows. Usually so busy on your job - you tend to take a quick glance at the pamphlet."

*"[We need] ...more black and white answers, to be kept informed of any changes."

*"...no gray areas - lay it out in black and white so we know exactly what to do."

*"Regarding all aspects of collecting unpaid accounts - manuals do not cover them."

*"CCIs should be completed"

*"CCIs especially should be kept up to date - presently they are not."

*"CCI - not clear so far as to wording."

*"there is no complete CCI manual at all."

*"Handling of pending transfers simply in point form."

*"Sometimes altogether too wordy. When you are busy, should have a simple reference manual."

*"I guess there is room for improvement as CCI can be read and interpreted differently by different people."

*"The exact boundaries of who is responsible are not completely defined."

*"I have not actually had a thorough look at policy and procedure."

*"Our policies and procedures are relatively clear to us - but not to the courts and the public."

*"PPI and EOI need clarification for public and court and vary to different district managers' interpretation."

*"The policies are clear; but difficulty in consistent application due to personalities, staff shortages, since management gives lip service but no real interest or support to collection function is discouraging."

*"Generally the written policies aren't too bad, it's the interpretation of the policy that is inconsistent."

*"Clear and comprehensive? We have to be lawyers sometimes to understand the books and books and books we have as resource guides and Hydro expects us to totally understand it, and besides, who has the time to read resource books when there is piles of work to be done."

*"No procedure or policy is clear. Between employees and supervisors there seem to be two different guidelines."

*"They are neither clear nor comprehensive for the clerk who is just learning collection procedures. They are useful though as guidelines for experienced staff because some practical experience is necessary to be able to interpret policy."

*"We only see them [guidelines] rarely as no time to look at them unless an issue arises. Our work leader is clueless so we phone headquarters for an answer, its faster."

*"Several interpretations can be read in some policies. Clear cut instructions would provide more consistency throughout the Hydro districts."

While the variation in responses to the collection circumstance items is due in part to respondents' lack of knowledge of the existing policies, procedures and law relevant to the circumstances presented, it also reflects the need for the expansion of written policies and procedures to cover the full range of types of circumstances confronted by Hydro staff in performing collection functions.

The results of this study point to the urgent need for a comprehensive consolidated policy and procedure manual dedicated exclusively to the collection function. One of the more significant problems we have observed with respect to Hydro's written policies and procedures is that they are distributed through at least four different manuals not including the Tariff. Collection staff do not have the benefit of a consolidated version for quick, convenient reference. The expansion of written policies and procedures and the implementation of more intensive in-service training programs go hand in hand to ensure that policies are uniformly and fairly applied.

Hydro's Action Plan - D - provides for a more comprehensive, consolidated collection instructions manual.

12. COLLECTORS' JOB SATISFACTION

The presentation of research findings in this report has focused more on the identification of problems with systems, policies and procedures than with the relationship of individual collectors to their jobs. However, the responses to the following two questions offer some indication of collector job satisfaction and may help draw attention to an apparent need to improve support for the collection function.

50% (133/273) of respondents find collection work "quite enjoyable" or "somewhat enjoyable" while 26.7% (71/273) find the work "not very enjoyable". Some of the 7 individuals who did not indicate their degree of "enjoyment" commented that a term like "challenging" would more accurately describe their feelings.

62.3% (170/273) of the respondents offered a comment on what would make collection work more enjoyable or satisfying. Their responses included the following:

*more support from management - particularly, consistency in supervisory decisions

*better communication between district office and head office staff

*more discretionary power to line personnel

*better customer education

*more and better staff training programs

*clearer guidelines to do the job

*more variety in work assignments; job rotation

*better paying customers

*better cooperation from outside agencies - particularly with respect to obtaining credit information on bad paying customers

*"not having to do it"

With a staff of at least 300 engaged in collection activity, most of whom also perform other duties, it is inevitable that there will be some variation among individuals with respect to their interest in and aptitude for collection work. Nevertheless, to the extent possible within the numerous constraints affecting the allocation of personnel, the corporation should ensure that collections staff are able to

maintain their interest and skill in dealing with the public efficiently and fairly. Since collection staff bear a major part of the responsibility for presenting Hydro's image in the community, it makes intuitive sense that customers have a better chance of having a positive experience with the corporation if collection staff enjoy their work; or, at least, find it to be a personally constructive and beneficial challenge.

No specific formal recommendations are offered on the subject of "job satisfaction" or "morale" although there are many recommendations presented elsewhere in this report which may make the job of collections more interesting for a period of time. Some benefit may also be derived by providing for staff feedback on this topic during any periodic training sessions that may be implemented following this study.

Queen's Printer for British Columbia©
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